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UMDONI MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Statement of Financial Position as at 30 June 2012

	Notes	2012 R	2011 R
NET ASSETS AND LIABILITIES			
Net assets			
Accumulated surplus	1	500 341 251	421 971 351
Housing Development Fund	2	24 336 950	25 779 997
		524 678 201	447 751 348
Non-current liabilities			
Long term liabilities	3	22 988	947 340
Provision for Post retirement medical benefits	4	19 204 607	15 850 004
Provision for Long service awards	5	1 239 971	901 506
Provision for Refuse site rehabilitation	6	3 137 488	2 492 050
Provision for Staff Leave	13	5 293 673	4 899 541
		28 898 727	25 090 442
Current liabilities			
Current portion of long term liabilities	3	1 414 501	1 734 916
Current portion for liabilities for medical aid benefits	4	512 400	442 512
Current portion of liabilities for long service awards	5	131 148	191 432
Unspent conditional grants and receipts	9	74 154 162	114 200 199
Accounts Payable	8	31 293 955	30 865 582
Cash and cash equivalents	19	819 783	11 247 789
		108 325 949	158 682 430
TOTAL NET ASSETS AND LIABILITIES		661 902 877	631 524 220
ASSETS			
Non-current assets			
Property, plant and equipment	11,43	499 035 905	418 031 789
Investment Property	12	22 647 079	2 139 316
Investments	14	-	-
		521 682 984	420 171 105
Current assets			
Inventory	15	66 192	74 907
Consumer receivables	16	28 317 807	28 078 968
Other receivables	17	33 510	54 851
VAT	18	5 667 223	13 658 934
Short term investments	14	105 709 833	169 060 487
Cash and cash equivalents	19	425 327	424 967
		140 219 892	211 353 114
TOTAL ASSETS		661 902 877	631 524 219

Statement of Financial Performance
as at 30 June 2012

		Actual 2012	Actual 2011	Budget 2012	Budget 2011
	Notes	R	R	R	R
REVENUE					
Revenue from Non Exchange Transactions					
Property rates	20	52 471 539	48 566 675	52 418 016	49 085 000
Property rates - penalties and collection charges		1 953 711	2 302 661	3 000 000	3 000 035
Fines		1 159 345	1 499 829	1 426 341	1 494 888
Licences and permits		5 677 587	5 237 907	6 266 301	5 907 830
Government grants and subsidies	22	83 280 025	183 044 382	41 436 701	148 273 104
Rental of facilities and equipment		4 581 771	4 159 745	4 484 369	4 090 623
Decrease in Refuse Site Provision	6	-	312 800	-	-
Decrease in Bad Debt Provision	16	-	224 445	-	-
Revenue from exchange transactions					
Service charges	21	6 470 180	7 195 761	7 113 000	8 260 069
Interest earned		7 709 598	13 385 013	3 409 100	4 444 950
Other income	23	3 805 063	5 664 592	4 698 894	3 931 374
TOTAL INCOME		167 108 819	271 593 810	124 252 722	228 487 873
EXPENDITURE					
Employee related costs	24	57 854 310	56 878 106	52 888 601	51 653 006
Remuneration of Councillors	25	5 070 394	4 573 485	5 112 692	4 573 485
Depreciation	43	14 600 189	10 641 369	14 134 396	122 381 019
Repairs and maintenance		7 821 492	7 062 972	8 460 686	7 265 499
Interest paid	26	91 786	102 662	145 759	224 000
Contracted services	29	12 182 496	11 118 821	12 353 115	11 042 447
General expenses	30	30 045 058	25 998 970	24 525 969	24 728 634
Contributions to Provisions	27	4 941 150	1 356 870	6 280 609	6 276 458
Contribution to Refuse site rehabilitation	6	645 438	-	350 000	342 000
TOTAL EXPENDITURE		133 252 313	117 733 255	124 251 827	228 486 548
SURPLUS FOR THE YEAR		33 856 506	153 860 555	895	1 325

UMDONI MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Statement of Net Assets
as at 30 June 2012

	Housing Development Fund	Accumulated surplus/ (deficit)	Total
	R	R	R
2011			
Balance at 1 July 2010	31 623 554	263 634 508	295 258 062
Surplus for the year	39 767 321	153 860 555	193 627 876
Assets disposals related to housing operating account	-45 610 878		-45 610 878
Revaluation of Assets		6 799 206	6 799 206
Prior year adjustments		-2 322 917	-2 322 917
Balance at 30 June 2011	25 779 997	421 971 352	447 751 349
2012			
Surplus for the year	-482 818	33 856 506	33 373 688
Assets disposals related to housing operating account	-960 229		-960 229
Revaluation of Assets		43 652 384	43 652 384
Prior year adjustments		2 995	2 995
Transfers (write-offs) against appropriation		858 015	858 015
Balance at 30 June 2012	24 336 950	500 341 252	524 678 202

Detail on the movement of funds and reserves are set out in notes 1 and 2.

UMDONI MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Cash Flow Statement
as at 30 June 2012

	Notes	2012 R	2011 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from (utilised in) operations	31	78 811 517	143 586 160
Interest received		7 709 598	13 385 013
Interest paid		-91 786	-102 662
Net Cash from (utilised in) operating activities		86 429 329	156 868 511
CASH FLOWS FROM (UTILISED IN) INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-74 855 115	-166 270 080
Proceeds on disposal of property, plant and equipment		98 920	-
CASH (UTILISED IN) GENERATED FROM INVESTING ACTIVITIES		-74 756 195	-166 270 080
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/ (repaid)		-1 244 767	-96 478
Net cash generated from / (utilised in) financing activities		-1 244 767	-96 478
NET INCREASE (DECREASE) IN CASH EQUIVALENTS		10 428 367	-9 498 046
Cash and cash equivalents			
Cash and cash equivalents at the beginning of the year	19	-10 822 822	-1 324 776
Cash and cash equivalents at the end of the year	19	-394 456	-10 822 822
		10 428 366	-9 498 046

Accounting Policies
for the year ended 30 June 2012

1 BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The Annual Financial Statements have been prepared in accordance with the Accounting Standards as prescribed by the Minister of Finance in terms of Government Gazette number 31021, Notice Number 516, dated 9 May 2008 and also in terms of the standards and principles contained in the applicable Directives issued by the Accounting Standards Board.

The Accounting Framework of the municipality, based on the preceding paragraphs is therefore as follows:

GRAP 1 - Presentation of Financial Statements
GRAP 2 - Cash Flow Statements
GRAP 3 - Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4 - Effects of Changes in Foreign Exchange Rates
GRAP 5 - Borrowing Costs
GRAP 6 - Consolidated and Separate Financial Statements
GRAP 7 - Investments in Associates
GRAP 8 - Interests in Joint Ventures
GRAP 9 - Revenue from Exchange Transactions
GRAP 10 - Financial Reporting in Hyperinflationary Economies
GRAP 11 - Construction Contracts
GRAP 12 - Inventories
GRAP 13 - Leases
GRAP 14 - Events after the Reporting Date
GRAP 16 - Investment property
GRAP 17 - Property, Plant and Equipment
GRAP 18 - Segment Reporting
GRAP 19 - Provisions, Contingent Liabilities and Contingent Assets
GAMAP 9 - Paragraphs relating to Revenue from Non-Exchange Transactions
GRAP 100 - Non-Current Assets Held for Sale and Discontinued Operations
GRAP 101 - Agriculture
GRAP 102 - Intangible Assets
IPSAS 20 - Related Party Disclosure
IPSAS 21 - Impairment of Non Cash-Generating Assets
IFRS 3 - Business Combinations
IFRS 7 - Financial Instruments: Disclosures
IAS 19 - Employee Benefits
IAS 32 - Financial Instruments: Presentation
IAS 36 - Impairment of Assets
IAS 39 - Financial Instruments: Recognition and Measurement

1.1 CHANGES IN ACCOUNTING POLICY AND COMPARABILITY

Accounting Policies have been consistently applied, except where otherwise indicated below:

For the year ended 30 June 2012 the municipality has adopted the accounting framework as set out in point 1 above except as excluded by the applicable Directives. The details of any resulting changes in accounting policy and comparative restatements are set out below.

The municipality changes an accounting policy only if the change:

(a) is required by a Standard of GRAP; or

Accounting Policies
for the year ended 30 June 2012

(b) results in the financial statements providing reliable and more relevant information about the effects of

1.2 CRITICAL JUDGMENTS, ESTIMATIONS AND ASSUMPTIONS

The following are the critical judgments, apart from those involving estimations, that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognized in Annual Financial Statements:

1.2.1 Revenue Recognition

Accounting Policy 12 on *Revenue from Exchange Transactions* and Accounting Policy 13 on *Revenue from Non-exchange Transactions* describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgment, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: *Revenue from Exchange Transactions* and GAMAP 9: Revenue, as far as Revenue from Non-Exchange Transactions is concerned (see Basis of Preparation above). In particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.2.2 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgment by management.

1.2.3 Impairment of Financial Assets

Accounting Policy 7.3 on *Impairment of Financial Assets* describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in IAS 39: *Financial Instruments - Recognition and Measurement*. The management of the municipality is satisfied that the impairment of financial assets recorded during the year is appropriate. Details of the impairment loss calculation are provided in Notes 16 and 17 to the Annual Financial Statements.

1.2.4 Useful lives of Property, Plant and Equipment

As described in Accounting Policies, the municipality depreciates over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives and residual values of the assets are based on industry knowledge.

1.2.5 Impairment: Write down of Property, Plant and Equipment and Inventories

Significant estimates and judgments are made relating to PPE impairment tests and where relevant write down of Inventories to Net Realizable Values.

1.2.6 Defined Benefit Plan Liabilities

As described in Accounting Policy 18, the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of IAS 19. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Notes 5 to the Annual Financial Statements.

2 PRESENTATION OF CURRENCY

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

Accounting Policies
for the year ended 30 June 2012

3 GOING CONCERN ASSUMPTION

The annual financial statements are prepared on a going concern basis.

4 HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to the Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund.

In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area.

5 PROPERTY, PLANT AND EQUIPMENT

The municipality has complied with the relevant standards relating to the measurement and recognition of Property, Plant and Equipment after taking into consideration the various guidance's and best practices issued in relation to the above.

5.1 Initial measurement

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognized as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognized at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality.

When significant components of an item of property, plant and equipment have different useful lives at the description of management, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

UMDONI MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Accounting Policies

for the year ended 30 June 2012

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

5.2 Subsequent measurement

Subsequent expenditure relating to property, plant and equipment is capitalized if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalized when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognizes the part of the asset being replaced and capitalizes the new component.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or forgone is included in surplus or deficit when the compensation becomes receivable.

5.3 Depreciation

Land is not depreciated as it is regarded as having an infinite life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation rates are based on the following estimated useful lives.

Depreciation only commences when the asset is available for use, unless stated otherwise.

Infrastructure	Years
Roads and paving	30
Pedestrian malls	30
Electricity	20 - 30
Housing	30
Community	
Buildings	30
Recreational facilities	20 - 30
Security	5
Other	
Buildings	30
Specialist vehicles	10
Other vehicles	5
Office equipment	3
Furniture and fittings	7 - 10
Watercraft	15
Bins and containers	5
Specialized plant and equipment	10 - 15
Other items of plant and equipment	2 - 5
Landfill sites	15

5.4 Work in Progress

Accounting Policies

for the year ended 30 June 2012

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

5.5 Infrastructure Assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality.

5.6 Investment Property

5.6.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

5.6.2 Subsequent Measurement - Cost Model

Investment property is measured using the cost model. Investment Property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

5.6.3 Work in Progress

Investment property under construction are recognised as investment property during construction. Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

5.6.4 Derecognition

An investment property shall be derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal

6 FINANCIAL INSTRUMENTS

The municipality has various types of financial instruments and these can be broadly categorized as either *Financial Assets* or *Financial Liabilities*.

Accounting Policies

for the year ended 30 June 2012

6.1 Financial Assets - Classification

A financial asset is any asset that is a cash or contractual right to receive cash. The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes there to:

- Investments in Fixed Deposits (Banking Institutions, etc)
- Long-term Receivables
- Consumer Debtors
- Certain Other Debtors
- Short-term Investment Deposits
- Bank Balances and Cash

In accordance with IAS 39.09 the *Financial Assets* of the municipality are classified as follows into the four categories allowed by this standard:

Type of Financial Asset: Classification in terms of IAS 39:09

Short-term Investment Deposits – Call: Held-to-maturity investments

Bank Balances and Cash: Available for sale investments

Finance Lease Receivables: Loans and receivables

Long-term Receivables: Loans and receivables

Consumer Debtors: Loans and receivables

Other Debtors: Loans and receivables

Investments in Fixed Deposits: Held-to-maturity investments

Financial assets at fair value through profit or loss are financial assets that meet either of the following conditions:

- they are classified as held for trading; or

- upon initial recognition they are designated as at fair value through the Statement of Financial Performance.

Available for sale investments are financial assets that are designated as available for sale or are not classified as:

- Loans and Receivables;
- Held-to-Maturity Investments; or
- Financial Assets at fair value through the Statement of Financial Performance.

Loans and Receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Loans and receivables are recognized initially at cost which represents fair value. After initial recognition Financial Assets are measured at amortized cost, using the effective interest rate method less a provision for impairment.

Held-to-Maturity Investments are financial assets with fixed or determinable payments and fixed maturity where the municipality has the positive intent and ability to hold the investment to maturity.

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorizes cash and cash equivalents as financial assets: loans and receivables.

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

Accounting Policies

for the year ended 30 June 2012

- Long-term Liabilities
- Certain Other Creditors (see note 49.1, 49.2, 49.5, 49.6)
- Bank Overdraft
- Short-term loans
- Current Portion of Long-term Liabilities
- Consumer Deposits

There are two main categories of *Financial Liabilities*, the classification determining how they are measured.

Financial liabilities may be measured at:

- (i) Fair value through profit or loss; or
- (ii) Other financial liabilities.

Financial liabilities that are measured at fair value through profit or loss are financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives). Financial liabilities that are measured at fair value through profit or loss are stated at fair value, with any resulted gain or loss recognized in the Statement of Financial Performance.

Any other financial liabilities are classified as "Other financial liabilities" and are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

In accordance with IAS 39.09 the *Financial Liabilities* of the municipality are all classified as "Other financial liabilities".

6.2 Initial and Subsequent Measurement

Financial Assets:

Held-to-maturity Investments and *Loans and Receivables* are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortized cost using the Effective Interest Method less any impairment, with revenue recognized on an effective yield basis.

Financial Assets at *Fair Value* and *Available-for-Sale* are initially and subsequently, at the end of each financial year, measured at fair value with the profit or loss being recognized in the Statement of Financial Performance.

Financial Liabilities:

Financial liabilities at fair value are initially and subsequently measured at fair value. Other financial liabilities are measured at amortized cost using the effective interest rate method.

6.3 Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognized in accordance with IAS 39.

Accounting Policies

for the year ended 30 June 2012

Initially Accounts Receivable are valued at fair value and subsequently carried at amortized cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of trade receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Consumer Debtors are stated at cost less a provision for bad debts. The provision is made in accordance with IAS 39.64 whereby the recoverability of Consumer Debtors is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. Government accounts are not provided for as such accounts are regarded as receivable.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the Statement of Financial Performance.

With the exception of Available-for-Sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of Available-for-Sale equity securities, impairment losses previously recognized through profit or loss are not reversed through the Statement of Financial performance. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

6.4 Derecognizing of Financial Assets

The municipality derecognizes Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

6.5 Derecognizing of Financial Liabilities

The municipality derecognizes Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

6.6 Transitional Provisions

Accounting Policies

for the year ended 30 June 2012

Financial Assets and Liabilities and the information relating thereto were presented and disclosed in accordance with the requirements of the old version of IS 32 in the previous financial year and not in accordance with the requirements of the new IS 32 and IFRS 7 as these requirements were exempted in terms of General Notice 522 of 2007. Financial Assets and Liabilities and the information relating thereto are presented and disclosed for the financial year ended 30 June 2009 (and retrospectively, where practicable) in accordance with the requirements of the new version of IS 32 and IFRS 7 and GRAP 3.

Financial instruments were initially measured at cost and not at fair value in the previous financial year as required by IS 39.43, AG 64, AG 65, AG 79 and SAICA Circular 9 as this requirement was exempted in terms of General Notice 522 of 2007. Financial instruments are now initially measured at fair value for the financial year ended 30 June 2009 (and retrospectively, where practicable) in accordance with the requirements of IS 39.43, IS 39 AG.64, IS 39 AG.65, IS 39 AG.79, SAICA Circular 9 and GRAP 3.

These have been accounted for where applicable.

7 RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

It is the policy of the municipality to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date.

Risks and exposure are disclosed as follows:

7.1 Credit Risk

- Each class of financial instrument is disclosed separately.
- Maximum exposure to credit risk not covered by collateral is specified.
- Financial instruments covered by collateral are specified.

7.2 Liquidity Risk

- A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities.
- Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates
- A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in note 41.2 to the annual financial statements.

8 INVENTORIES

8.1 Initial recognition

Inventories comprise of consumable stores. Inventories are recognized at weighted average. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

8.2 Subsequent measurement

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realizable value. In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge they are valued at the lower of cost and current replacement cost.

UMDONI MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Accounting Policies

for the year ended 30 June 2012

Redundant and slow-moving inventories are identified and written down from cost to net realizable value with regard to their estimated economic or realizable values and sold by public auction. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the valuation of inventory are recognized in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realizable value or current replacement cost is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognized as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalization to the cost of another asset.

9 ACCOUNTS RECEIVABLE

Accounts receivable are stated in the annual financial statements at the value of billings to consumers/ratepayers, less deductions for rebates granted less a provision for doubtful accounts.

Provision for doubtful accounts is made, based on a review of outstanding amounts at the financial year end. Contributions to the provision are calculated by analyzing specific debts deemed doubtful of recovery, prior year's experience, correspondence with the Council's attorneys, the debt collection policy and management's best estimate of recoveries expressed as a percentage.

Bad debts are written off in the period that they are identified. Amounts that are receivable within one year are classified as current assets.

10 ACCOUNTS PAYABLE

Accounts payable are stated in the annual financial statements at the amounts due to trade and other creditors for goods or services received.

11 REVENUE RECOGNITION

11.1 General

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities.

The municipality recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the transaction have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Accounting Policies
for the year ended 30 June 2012

12	REVENUE FROM EXCHANGE TRANSACTIONS
12.1	Service Charges
	Service charges relating to refuse removal are recognized on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.
12.1.1	Pre-paid Expenses
	Revenue from the sale of electricity pre-paid meter cards are recognized at the point of sale.
12.2	Finance income
	Interest earned on investments is recognized in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.
12.3	Tariff charges
	Revenue arising from the application of the approved tariff of charges is recognized when the relevant service is rendered by applying the relevant authorized tariff. This includes the issuing of licenses and permits.
12.4	Income from Agency services
	Income for agency services is recognized on a monthly basis once the income collected on behalf of agents has been quantified. The income recognized is in terms of the agency agreement.
12.5	Sale of Goods
	<p>The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods. The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.</p> <p>The amount of revenue can be measured reliably.</p> <p>It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.</p> <p>The costs incurred or to be incurred in respect of the transaction can be measured reliably.</p>
12.6	Rentals
	Revenue from the rental of facilities and equipment is recognized on a straight-line basis over the term of the lease agreement.
13	REVENUE FROM NON-EXCHANGE TRANSACTIONS
13.1	Rates and Taxes
	Revenue from property rates is recognized in terms of the Municipal Property Rates Act and the Municipal Rates Policy.
13.2	Fines
	Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognized when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Accounting Policies

for the year ended 30 June 2012

13.3 Public contributions

Revenue from public contributions is recognized when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use. Where public contributions have been received and the municipality has not met the condition, a liability is recognized.

13.4 Other Donations and Contributions

Donations are recognized on a cash receipts basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use.

13.5 Revenue from Recovery of Unauthorized, Irregular, Fruitless and Wasteful Expenditure

Revenue from the recovery of unauthorized, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognized when the recovery thereof from the responsible councilors or officials is virtually certain. Such revenue is based on legislated procedures.

14 GOVERNMENT GRANTS AND RECEIPTS

Income received from conditional grants, donations and funding are recognized as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognized. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs are recognized in the Statement of Financial Performance in the period in which they become receivable.

The municipality accounted for government grants and receipts in the previous financial year in accordance with the requirements of IAS 20.24 and .26, GAMAP 12.8, GAMAP 17.25 and GAMAP 9.42 – .46, as appropriate. For the financial year ended 30 June 2012, the municipality accounted for government grants and receipts for the year ended 30 June 2012 (and retrospectively, where practicable) in accordance with the requirements of GAMAP 9.42 – .46 and ASB Directives 3 and 5.

15 PROVISIONS

Provisions are recognized when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognized for future operating losses.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognized in the Statement of Financial Performance as a finance cost as it occurs.

A provision for restructuring costs is recognized only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;

UMDONI MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Accounting Policies

for the year ended 30 June 2012

- the expenditures that will be undertaken; and
- when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

16 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value unless the purpose and nature of such investments are for capital appreciation purposes and not held for operational activities as deemed by management.

Cash and cash equivalents in the cash flow statement comprise cash on hand, deposits held on call with banks, net of bank overdrafts.

Bank overdrafts are recorded at the current value of the utilization of approved facilities from the Municipality's bankers. Finance charges on bank overdrafts are expensed as incurred.

17 UNAUTHORIZED EXPENDITURE

Unauthorized expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003).

18 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies as deemed by the Accounting Officer. Irregular expenditure excludes unauthorized expenditure.

19 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain as deemed by the Accounting Officer and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance.

20 RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees. Contributions are made to the Natal Joint Municipal Pension Fund to fund the obligations for the payment of retirement benefits.

20.1 Defined Benefit Plans

20.1.1 Post-retirement Health Care Benefits:

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

Accounting Policies

for the year ended 30 June 2012

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

20.1.2 Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25, 30, 35, 40 and 45 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

20.2 Defined Contribution Plans

The municipality provides retirement benefits for its employees. Contributions are made to the Kwa-Zulu Natal Joint Municipal Pension Fund to fund the obligations for the payment of retirement benefits.

Contributions are charged as an expense in the Statement of Financial Performance in the year that they become payable.

The funds are actuarially valued every three years using the discounted cash flow method.

21 DEPOSITS

Deposits received by the municipality are in terms of the approved tariff of charges by Council. These mainly relate to the use of community facilities and verge deposits, amongst others

Unidentified Direct Deposits relate to deposits made by the public into the municipality's bank account, which due to a lack of information made during the deposit process, cannot be traced to the relevant debtor. A register is maintained for all Unidentified Direct Deposits. Should all attempts prove fruitless in the identification of the relevant debtor and the amount remains unclaimed by the debtor after a time lapse of two years has occurred, these values are transferred to accumulated surplus.

22 OPERATING AND FINANCE LEASES

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalized at their cash cost equivalent. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognized as an expense in the statement of financial performance.

23 PRIOR YEAR ADJUSTMENTS

Restatements are effected to prior period comparatives resulting in the reclassification of prior period disclosure when the presentation or classification of items in the annual financial statements is amended. The nature and reason for the reclassification are disclosed.

24 VALUE ADDED TAXATION

UMDONI MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Accounting Policies

for the year ended 30 June 2012

The municipality is registered with SARS for VAT on the cash basis in accordance with Section 15(2)(a) of the Value Added Tax Act, No. 81 of 1991.

25 EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

26 RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

UMDONI MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Notes to the Annual Financial Statements for the year ended 30 June 2012

1 ACCUMULATED SURPLUS

The following internal funds and reserves are ring-fenced within the accumulated surplus:

- Government Grant Reserve
- Accumulated surplus due to the results of operations

Total Accumulated Surplus

2012	2011
R	R
365 743 909	325 466 194
134 597 342	96 505 157
500 341 251	421 971 351

The following illustrates the detail on the movement of internal funds and reserves during the financial period:

2011

Balance at 1 July 2010

- Surplus for the year
- Transfer of capital grant assets to Govt Grant Reserve
- Offsetting of Depreciation
- Revaluation of assets
- Prior year adjustments

Balance at 30 June 2011

2012

Balance at 01 July 2011

- Surplus for the year
- Transfer of capital grant assets to Govt Grant Reserve
- Offsetting of Depreciation
- Fair valuation of assets
- Prior year adjustments
- Transfers (write-offs) against appropriation

Balance at 30 June 2012

Government Grant Reserve	Accumulated Surplus/(Deficit) due to results of operations	Total Accumulated Surplus /(Deficit)
R	R	R
174 184 940	89 449 568	263 634 508
	153 860 555	153 860 555
157 056 027	-157 056 027	-
-5 774 773	5 774 773	-
	6 799 206	6 799 206
	-2 322 917	-2 322 917
325 466 194	96 505 157	421 971 351
325 466 194	96 505 157	421 971 351
	33 856 506	33 856 506
46 597 061	-46 597 061	-
-6 319 346	6 319 346	-
	43 652 384	43 652 384
	2 995	2 995
	858 015	858 015
365 743 909	134 597 342	500 341 251

2 HOUSING DEVELOPMENT FUND

The Housing Development Fund contain all proceeds from housing developments, which include rental income and sales of houses. Monies standing to the credit of the Housing Development Fund are used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

Housing Development Fund

The Housing Development Fund is represented by the following assets and liabilities:

- Housing Fixed Assets
- Housing Rental Receivables
- Investments - External
- Bank and Cash

Total Housing Development Fund Assets and Liabilities

24 336 950	25 779 997
7 816 888	8 777 117
8 346 521	8 815 248
7 755 714	7 768 565
417 827	419 067
24 336 950	25 779 997

3 LONG TERM LIABILITIES

- Long term Loans
- Annuity loans

889 694	2 089 694
547 795	592 562

**Notes to the Annual Financial Statements
for the year ended 30 June 2012**

4 PROVISION FOR POST RETIREMENT MEDICAL BENEFITS

The municipality provides certain post-retirement medical benefits by funding the medical aid contributions of certain retired members of the Municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.

The most recent actuarial valuations of plan assets and the present value of the unfunded defined benefit obligation were carried out as at 30 June 2012 by a member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. No other post retirement benefits are provided by the municipality.

The Post Employment Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

- | | | |
|-------|-----|-----|
| Total | 184 | 192 |
|-------|-----|-----|

The liability in respect of past service has been estimated to be as follows:

- The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

- Bonitas
- Global Health
- LA Health
- Samwumed

The future service cost for the ensuing year is established to be R 1,241,157 whereas the interest-cost for the next year is estimated to be R 1,557,300 (2011: R 1 118 322 and R 1 396 862 respectively)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

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UMDONI MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

**Notes to the Annual Financial Statements
for the year ended 30 June 2012**

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations
Fair value of plan assets

Benefit Liability

The amount recognised in the Statement of Financial Performance under employee related costs are as follows:

Current service cost
Interest cost
Actuarial (gain)/loss recognised

The movement in the defined benefit obligation over the year is as follows:

Balance at beginning of year
Current service cost
Interest cost
Benefits paid
Recognised actuarial (gain)/loss

Balance at end of year

The effect of a 1 % movement in the assumed rate of health care cost inflation is as follows:

Increase

Effect on the aggregate of the current service cost and the interest cost
Effect on the defined benefit obligation

Decrease

Effect on the aggregate of the current service cost and the interest cost
Effect on the defined benefit obligation

The municipality expects to make a provision of R 2 798 454 (2012: R 2 515 194) to the defined benefit plans during the next financial year.

2012	2011
R	R
19 717 007	16 292 516
	-
19 717 007	16 292 516
1 118 332	649 465
1 396 862	1 078 459
1 404 861	3 102 071
3 920 055	4 829 995
16 292 516	11 875 385
1 118 332	649 465
1 396 862	1 078 459
-495 562	-412 864
1 404 859	3 102 071
19 717 007	16 292 516
1 592 600	1 218 000
15 396 000	12 668 000
1 235 200	961 500
11 278 000	9 265 000

UMDONI MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Notes to the Annual Financial Statements for the year ended 30 June 2012

The history of experienced adjustments are as follows:

Present value of Defined Benefit Obligation

Deficit

Experienced adjustments on Plan Liabilities

		2012	2011
		R	R
		2010	2009
		R	R
	2012	2011	
	R	R	
	19 717 007	16 292 516	11 875 000
	19 717 007	16 292 516	11 875 000
	-	-	-

5 LONG SERVICE AWARDS AND RETIREMENT GIFTS

Provision for Long Service Awards

Total Provision for Long Service Awards

Less: Transfer to Current Provisions

Net Long Service Awards liability

1 371 119	1 092 938
1 371 119	1 092 938
-131 148	-191 432
1 239 971	901 506

A long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality (which includes their uninterrupted service with the former local authorities amalgamated in December 2000 to become Umdoni Municipality). The provision represents an estimation of the awards to which employees in the service of the Municipality at 30 June 2012 may become entitled to in future, based on an actuarial valuation performed at that date.

The most recent actuarial valuations of plan assets and the present value of the unfunded defined benefit obligation were carried out as at 30 June 2012 by a member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. No other long service benefits are provided by the municipality.

The Long Service Awards plans are defined benefit plans. As at year end, 358 employees were eligible for Long Service Awards.

The future service cost for the ensuing year is estimated to be R 192,787 whereas the interest-cost for the next year is estimated to be R 82,680

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount rate	6.33%	7.66%
Expected Rate of Salary Increase	5.97%	6.24%
Net Effective Discount Rate	0.34%	1.33%

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations

Net liability

1 371 119	1 092 938
1 371 119	1 092 938

The amount recognised in the Statement of Financial Performance under employee related costs are as follows:

Current service cost

Interest cost

Actuarial loss/gain

174 871	159 321
76 481	84 033
225 707	-13 457
477 059	229 897

Total included in Employee Related Costs

The movement in the defined benefit obligation over the year is as follows:

Balance at beginning of year

1 092 938	1 067 873
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UMDONI MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Notes to the Annual Financial Statements for the year ended 30 June 2012

	2012	2011
	R	R
Current service cost	174 871	159 321
Interest cost	76 481	84 033
Benefits paid	-198 878	-204 832
Actuarial (gain)/losses recognised	225 707	-13 547
Balance at end of year	1 371 119	1 092 848
The effect of a 1% movement in the assumed rate of salary inflation is as follows:		
Increase		
Effect on the aggregate of the current service cost and the interest cost	265 943	256 642
Effect on the defined benefit obligation	1 447 000	1 153 000
Decrease		
Effect on the aggregate of the current service cost and the interest cost	238 070	231 204
Effect on the defined benefit obligation	1 301 000	1 038 000

	2012	2011	2010	2009
	R	R	R	R
The history of experienced adjustments are as follows:				
Present value of Defined Benefit Obligation	-1 371 119	-1 092 928	-1 067 973	-855 567
Deficit	-1 371 119	-1 092 928	-1 067 973	-855 567
Experienced adjustments on Plan Liabilities	-	-	-	-

6 REFUSE SITE REHABILITATION

In terms of the licencing of the landfill refuse sites, Council will incur rehabilitation costs of R 3,1 million determined at present value, to restore the sites. Provision has been made for an amount based on the present value of cost.

The costs of rehabilitating the refuse site have been estimated by the Council's consulting engineers who control the operations carried out by the service provider. Council has to submit a rehabilitation plan to the Department of Water Affairs and Forestry six months prior to closing the Site.

Opening balance	2 492 050	2 804 850
Contribution to the Statement of Financial Performance	645 438	-312 800
Closing balance	3 137 488	2 492 050

7 MULTI EMPLOYER RETIREMENT BENEFITS

Umdoni Municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

All full-time employees belong to the KwaZulu Natal Joint Municipal Pension Fund, which are made up by the Retirement, Superannuation and Provident Funds. Councillors have the option to belong to the Pension Fund for Municipal Councillors.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.

Notes to the Annual Financial Statements
for the year ended 30 June 2012

The scheme is subject to a tri-annual actuarial valuation. The last interim actuarial valuation was performed as at 31 March 2011.

Notes to the Annual Financial Statements
for the year ended 30 June 2012Page 26

UMDONI MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Notes to the Annual Financial Statements **for the year ended 30 June 2012**

Retention refers to monies retained by the municipality on construction work completed by the various suppliers throughout the duration of their contract. These monies are released to the upon progressive completion of their respective undertakings.

2012	2011
R	R

9 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Conditional Grants from other spheres of Government:

Provincial grants
Ugu District Municipality
National Treasury
Other Grants

4 751 189	2 576 684
130 663	410 259
69 263 695	111 126 641
8 615	86 615
74 154 162	114 200 199

Total Conditional Grants from other spheres of Government

10 OPERATING LEASES

The Municipality as lessee

Leasing arrangements:

At the reporting date the municipality had outstanding commitments under non-cancellable operating leases, which fall due as follows:

Up to 1 year
1 to 5 years
More than 5 years

323 180	279 467
160 214	159 106
5 302	4 789
488 696	443 362

Total Operating Lease Arrangements

Included in the above mentioned operating lease payments are the following major classes of leases, which are only significant collectively:

- Electronic equipment
- Vehicles
- Properties

339 702	175 848
104 952	244 888
44 042	22 626
488 696	443 362

The Municipality as lessor

Leasing arrangements:

At the reporting date, the municipality had outstanding receipts in terms of operating leases, which will accrue as follows:

Receivable within 1 year
Receivable within 2-5 years
Receivable after 5 years

2 835 066	2 079 906
1 295 828	2 359 360
225 180	130 880
4 356 074	4 570 146

Total Operating Lease Arrangements

Included in the above mentioned operating lease receivables are the following major classes of leases, which are only significant collectively:

- Land

4 356 074	4 570 146
4 356 074	4 570 146

UMDONI MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

**Notes to the Annual Financial Statements
for the year ended 30 June 2012**

11 PROPERTY, PLANT AND EQUIPMENT

No property, plant and equipment have been pledged to secure borrowings of the municipality

See also Note 43 for further detail.

2012	2011
R	R

12 INVESTMENT PROPERTY

Reconciliation of carrying value

Carrying values at 01 July 2011

Cost/Revaluation

Cost

Revaluation

Accumulated depreciation

Based on cost

Based on revaluation

Depreciation

Acquisitions

Initial recognition of investment property

Carrying value of disposals

Cost/ revaluation

Accumulated Depreciation

Impairment losses

Carrying values at 30 June 2012

Represented by

Cost/revaluation

Cost

Revaluation

Accumulated depreciation

Cost

Revaluation

Carrying values at 30 June 2012

Analysis of Investment Property represented at Cost:

572 Park Rynie

1399 Scottburgh

1398 Scottburgh

328 Umzinto - Work in Progress

	2 139 316	2 142 678
	2 176 976	2 176 976
	2 176 976	2 176 976
	-	-
	-37 660	-34 298
	-37 660	-34 298
	-3 362	-3 362
	9 511 125	-
	11 000 000	-
	-	-
	-	-
	-	-
	-	-
	22 647 079	2 139 316
	22 688 101	2 176 976
	22 688 101	2 176 976
	-	
	-41 022	-37 660
	-41 022	-37 660
	22 647 079	2 139 316
	Rand Value	Rental Income pa
	11 000 000	90 461
	2 098 788	205 150
	78 188	1 609 616
	9 511 125	Nil
	22 688 101	1 905 227

13 PROVISION FOR STAFF LEAVE

Balance at beginning of the year

Contributions (Decrease) to provision

	4 899 541	4 009 835
	918 214	1 356 870

UMDONI MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Notes to the Annual Financial Statements
for the year ended 30 June 2012

	2012	2011
	R	R
Actual leave paid for the year	-524 082	-467 164
Balance at end of year	5 293 673	4 899 541
14 INVESTMENTS		
<i>Council's unlisted investments</i>		
Nil	-	-
Total long term investments	-	-
<i>Short term investments</i>		
Notice deposits	105 709 836	169 060 487
Standard Bank of SA Ltd	47 039 055	15 877 505
Absa	12 376 087	109 365 713
Nedbank	32 391 843	30 645 765
First National Bank	13 901 664	13 170 317
Investec Bank	1 187	1 187
Total short term investments	105 709 836	169 060 487
Total investments	105 709 836	169 060 487
Council's valuation of unlisted investments	105 709 836	169 060 487
Average rate of return on investments (pa.)	6%	6%
15 INVENTORY		
Inventory represents:		
Consumable stores	66 192	74 907
	66 192	74 907
16 CONSUMER RECEIVABLES		
<i>Revenue from Non Exchange Transactions</i>		
Rates	20 409 864	18 835 645
Rates penalties and collection charges	7 296 907	8 893 479
Refuse	3 246 003	3 659 249
<i>Revenue from exchange transactions</i>		
Housing	5 058 293	5 484 299
Interest on housing	3 288 228	3 330 949
Sundries	6 409 824	4 598 723
	45 709 119	44 802 344
Less: Provision for bad debt	-13 476 168	-12 808 232
Less: Provision for impairment loss	-3 915 144	-3 915 144
Total Consumer Receivables	28 317 807	28 078 968
Amounts written off as bad debts	3 354 999	164 163
As a percentage of total operating revenue	2.01%	0.06%
Ageing of Consumer Debt as follows:		
Rates		
Current (0 to 30 days)	860 012	863 874
31 to 60 days	946 202	1 021 845
61 to 90 days	812 321	818 213

UMDONI MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

**Notes to the Annual Financial Statements
for the year ended 30 June 2012**

91 to 120 days
121 days and over

Rates Penalties and collection charges

Current (0 to 30 days)
31 to 60 days
61 to 90 days
91 to 120 days
121 days and over

Housing

Current (0 to 30 days)
31 to 60 days
61 to 90 days
91 to 120 days
121 days and over

Interest on housing

Current (0 to 30 days)
31 to 60 days
61 to 90 days
91 to 120 days
121 days and over

Refuse

Current (0 to 30 days)
31 to 60 days
61 to 90 days
91 to 120 days
121 days and over

Sundries

Current (0 to 30 days)
31 to 60 days
61 to 90 days
91 to 120 days
121 days and over

Total consumer ageing
Less: Provision for bad debts
Less: Provision for impairment loss
Less: VAT included in age analysis

Total Consumer Receivables

Reconciliation of Provision for Bad Debts on Consumer Receivables

Balance at beginning of the year
Contributions to provision
Transfer of clinic subsidy provision from other receivables
Write offs against provision

Balance at end of year

2012	2011
R	R
746 498	775 293
17 047 900	15 359 254
20 412 933	18 838 479
49 467	1 139
8 013	-
13 841	15 818
18 598	21 450
7 206 988	8 855 072
7 296 907	8 893 479
84 454	98 647
35 210	36 899
33 492	34 840
27 826	33 726
4 630 958	4 935 692
4 811 940	5 139 804
2 412	-
301	-
531	691
677	976
3 284 307	3 329 282
3 288 228	3 330 949
87 874	270 904
149 819	180 339
127 409	183 334
125 061	149 495
3 082 367	3 253 935
3 572 530	4 038 007
1 996 093	2 972 078
68 342	39 558
463 718	19 847
4 516	53 993
4 443 059	2 097 283
6 975 728	5 182 759
46 358 266	45 423 477
-13 476 168	-12 808 232
-3 915 144	-3 915 144
-649 147	-621 133
28 317 807	28 078 968
12 808 232	13 196 840
4 022 935	-224 445
-3 354 999	-164 163
13 476 168	12 808 232

UMDONI MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Notes to the Annual Financial Statements for the year ended 30 June 2012

Management has considered the effects of any impairment in the values of outstandings and the value of the provision for bad debts. The provision is adequate to account for any material losses expected to arise from any adjustments that are required to be made to outstanding debt.

2012	2011
R	R

17 OTHER RECEIVABLES

Sundry receivables
Ugu District Municipality

34 010	97 508
5 075 295	5 075 295
5 109 305	5 172 803
-5 075 795	-5 117 952

Less: Provision for bad debt

Total other receivables

33 510	54 851
--------	--------

Reconciliation of Provision for Bad debt on Other receivables

Balance at beginning of the year
Contributions (Decrease) to provision
Bad debts written off against provision

5 117 952	5 117 952
-	-
-42 157	-

Balance at end of year

5 075 795	5 117 952
-----------	-----------

Management have considered the effects of any impairment in the values of outstandings and the value of the provision for bad debts. The provision is adequate to account for any material losses expected to arise from any adjustments that are required to be made to outstandings receivables.

18 VAT RECEIVABLE

VAT receivable

5 667 223	13 658 934
-----------	------------

VAT is payable on the cash basis. Only once payment has been received from receivables is VAT paid over to SARS.

19 BANK, CASH AND OVERDRAFT BALANCES

The Municipality has the following bank accounts:
The following primary bank account is maintained in terms of the Local Government:
Municipal Finance Management Act:

Standard Bank of SA Limited, Scottburgh Branch - Account No. 05 279 168 8

Current account:

Cash book balance at beginning of year
Cash book balance at end of year

-11 247 789	-2 787 957
-819 783	-11 247 789

Bank statement balance at beginning of year
Bank statement balance at end of year

2 844 447	3 926 445
3 738 984	2 844 447

The following bank account is maintained in terms of the Local Government: Municipal
Finance Management Act:

Standard Bank of SA Limited, Scottburgh Branch - Account No. 052 854 329

Current account:

Cash book balance at beginning of year
Cash book balance at end of year

-	1 199 120
-	-

Bank statement balance at beginning of year
Bank statement balance at end of year

-	1 199 120
-	-

UMDONI MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

**Notes to the Annual Financial Statements
for the year ended 30 June 2012**

The following housing bank accounts are maintained in terms of memorandums of agreement with the Department of Housing:

Standard Bank of SA Limited, Scottburgh Branch - Account No. 05 285 257 1

Malangeni Rural Housing Project K 03100018

Cash book balances at beginning of year	61 736	62 727
Cash book balances at end of year	60 682	61 736
Bank statement balances at beginning of year	61 736	62 727
Bank statement balances at end of year	60 682	61 736

Standard Bank of SA Limited, Scottburgh Branch - Account No. 05 285 256 3

Amahlongwa Rural Housing Project K 03100017

Cash book balances at beginning of year	77 437	78 428
Cash book balances at end of year	76 384	77 437
Bank statement balances at beginning of year	77 437	78 428
Bank statement balances at end of year	76 383	77 437

Standard Bank of SA Limited, Scottburgh Branch - Account No. 05 279 625 6

Umzinto Slum Clearance Housing Project K 031 00019

Cash book balances at beginning of year	190 237	25 809
Cash book balances at end of year	192 434	190 237
Bank statement balances at beginning of year	190 209	25 809
Bank statement balances at end of year	192 406	190 209

Standard Bank of SA Limited, Scottburgh Branch - Account No. 05 279 619 1

Sanathan Housing Project K 0310002

Cash book balances at beginning of year	467	1 246
Cash book balances at end of year	-	467
Bank statement balances at beginning of year	467	1 246
Bank statement balances at end of year	-	467

Standard Bank of SA Limited, Scottburgh Branch - Account No. 05 285 432 9

Umdoni Municipality Housing Account

Cash book balances at beginning of year	89 190	89 952
Cash book balances at end of year	88 327	89 190

UMDONI MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Notes to the Annual Financial Statements for the year ended 30 June 2012

Bank statement balances at beginning of year
Bank statement balances at end of year

Summary:

Cash book balance at beginning of year
Cash book balance at end of year

Bank statement balance at beginning of year
Bank statement balance at end of year

CASH ON HAND:

Petty Cash
Floats

Total Bank and Cash

Umdoni Municipality has not applied any overdraft facility or securities held. The credit as per the cash book balance is reflective of outstanding cheques which have yet to be cleared as at 30 June 2012.

20 PROPERTY RATES

Actual income

Residential
Agriculture
Commercial and Other
Less: Adjustments
Less: Rebates

Total assessment rates

Property valuations

Non rateable valuations

The last general valuation for Umdoni came into effect on:

Randages in terms of the Municipal Property Rates Act:

Residential
Commercial, Business and Industrial
Agricultural Property
Public Service Infrastructure, Public Benefit Organisations
Vacant Industrial, Commercial and Other

Rebates on these rates are allowed on the following basis:

Special Residential (excluding vacant land)
Vacant Property
Disabled Persons, Pensioners, Indigent Persons as defined in the Indigent Policy

21 SERVICE CHARGES

Refuse removal

2012	2011
R	R
90 881	89 953
88 328	90 881
-10 828 722	-1 330 675
-401 956	-10 828 722
3 265 177	5 383 728
4 156 783	3 265 177
5 000	1 000
2 500	4 900
7 500	5 900
-394 456	-10 822 822
49 493 260	36 857 123
468 724	603 352
9 350 990	18 572 055
-1 346 471	-1 982 639
-5 494 964	-5 483 216
52 471 539	48 566 675
7 460 234 300	7 373 301 000
138 497 000	138 497 000
01 July 2008	01 July 2008
0.00742	0.00700
0.00993	0.00937
0.00185	0.00178
0.00189	0.00200
0.02079	0.01961
75 000	75 000
15 000	15 000
370 000	370 000
6 470 180	7 195 761
6 470 180	7 195 761

UMDONI MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

**Notes to the Annual Financial Statements
for the year ended 30 June 2012**

	2012	2011
	R	R
22 GOVERNMENT GRANTS AND SUBSIDIES		
<i>Operational Grants:</i>		
Equitable share	24 104 000	20 802 997
Provincial Grants	9 412 757	659 390
Provincial - Health Subsidies	1 938 400	1 783 706
Ugu District Municipality	371 094	442 339
National Treasury	47 375 774	159 188 240
Old Mutual	78 000	167 710
Total Government Grant and Subsidies recognised	83 280 025	183 044 382
23 OTHER INCOME		
Building plan fees	344 809	382 132
Development levy	-	1 315 789
Insurance recovery	19 684	138
Inspections	115 296	108 120
Fire services income	1 401 333	1 511 272
Plot clearing	62 118	57 165
Rates certificates	130 835	133 250
Signage	226 739	167 377
Non refundable tender deposits	68 553	297 632
Subdivisions, rezoning and town planning	38 654	25 570
Sundry income	1 397 042	1 666 147
	3 805 063	5 664 593
24 EMPLOYEE RELATED COSTS		
Remuneration of the Municipal Manager		
Annual remuneration	802 634	766 630
Performance bonus	88 765	81 826
	891 399	848 456
Remuneration of the Manager: Financial Services		
Annual remuneration	620 099	592 722
Performance bonus	69 468	53 365
	689 567	646 087
Remuneration of the Manager: Technical Services		
Annual remuneration	621 299	593 670
Performance bonus	52 101	48 028
	673 400	641 698
Remuneration of the Manager: Community Services		
Annual remuneration	573 169	502 054
Performance bonus	48 816	31 500
	621 985	533 554
Remuneration of the Manager: Corporate Services		
Annual remuneration	310 409	
Performance bonus	-	
	310 409	

UMDONI MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

**Notes to the Annual Financial Statements
for the year ended 30 June 2012**

	2012	2011
	R	R
Remuneration of the Previous Manager: Corporate Services		
Annual remuneration	51 675	593 021
Performance bonus	57 890	53 365
	109 565	646 386
EMPLOYEE RELATED COSTS		
Salaries and allowances	39 658 997	38 985 463
Contributions to UIF, pensions and medical aids	9 087 070	8 255 967
Travel, motor car, accommodation, subsistence and other allowances	329 994	308 861
Housing benefits and allowances	86 280	91 217
Overtime payments	1 444 286	1 738 808
Bonuses	2 850 568	2 480 111
Contribution to long service awards and medical aid liability	4 397 115	5 017 676
	57 854 310	56 878 102
25 COUNCILLORS' REMUNERATION		
Mayor's allowance	636 307	599 590
Deputy Mayor's allowance	507 263	478 323
Speaker's allowance	507 304	478 426
Executive councillor allowance	476 586	444 387
Councillors' allowances	2 942 934	2 572 759
	5 070 394	4 573 485
The Mayor, Deputy Mayor, Speaker and one Executive Councillor are full time and have an office and secretarial support at the cost of the Council		
The Mayor has the use of a Council vehicle for official duties		
26 INTEREST PAID		
Long term liabilities	91 786	102 662
Total interest on external borrowings	91 786	102 662
27 CONTRIBUTIONS TO PROVISIONS		
Contribution to Bad Debt Provision	4 022 936	-
Contribution to Leave Provision	918 214	1 356 870
	4 941 150	1 356 870
28 AUDITOR'S REMUNERATION		
Audit fees	1 239 640	827 604
29 CONTRACTED SERVICES		
Fixed asset register and verification	415 446	551 829
Verge Contract maintenance	2 881 494	2 956 895
Refuse site maintenance	2 322 290	2 621 401
Security	2 350 799	1 854 314

UMDONI MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

**Notes to the Annual Financial Statements
for the year ended 30 June 2012**

	2012	2011
	R	R
Lifeguard services	687 157	660 816
Meshing fees	1 037 771	803 907
Machinery leases	468 390	433 571
Computer support	394 704	326 347
Street Cleaning	259 291	-
Contribution to Kwanaloga	261 870	239 514
Other contracted services	1 103 284	670 228
	12 182 496	11 118 822
30 GENERAL EXPENSES		
Electricity and water	5 877 413	4 541 350
Alternate electricity	2 815 581	2 741 558
Fuel maintenance	3 211 275	2 203 605
Telecommunication	799 347	865 829
Printing and stationery	974 863	1 019 924
Insurance	475 691	386 278
Audit fees	1 239 640	827 604
Workmans Compensation	470 699	277 192
Special Programmes	670 695	898 874
Drivers licences	643 743	581 779
SETA Training Programmes and Skills Levies	218 850	310 707
Valuations	300 000	300 000
Tourism Contribution	210 000	200 000
Other general expenses	12 137 261	10 844 270
	30 045 058	25 998 970
31 CASH GENERATED FROM (UTILISED IN) OPERATIONS		
Surplus for the year	33 856 506	153 828 760
<i>Adjustments for non cash transactions accounted for directly against income:</i>		
Previous year's operating transactions	861 010	-726 676
Depreciation	14 600 189	10 641 369
Impairment of assets	87 061	
Loss on disposal of assets	1 249 219	924 656
Provision for refuse site rehabilitation	645 438	-312 800
<i>Capital charges :</i>		
Interest paid on external loans	91 786	102 662
<i>Investment income (operating account)</i>	-7 709 598	-13 385 013
	43 681 611	151 072 958
(INCREASE) / DECREASE IN WORKING CAPITAL	35 129 906	-7 486 798
(Increase) / decrease in inventory	8 715	-38 595
(Increase) / decrease in receivables	7 305 486	-8 498 153
(Increase) / decrease in short term investments	63 337 803	132 172 441
Increase / (decrease) in creditors	428 375	5 784 478
Increase / (decrease) in unspent conditional grants	-40 046 037	-142 399 776
Increase / (decrease) in Provisions	3 702 672	4 442 196
Increase / (decrease) in Provisions for staff leave	394 132	889 706
Increase / (decrease) in Housing Operating Account	-1 240	160 905
Cash generated from (utilised in) operations	78 811 517	143 586 160

UMDONI MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

**Notes to the Annual Financial Statements
for the year ended 30 June 2012**

32 CONTINGENT LIABILITIES

No contingent liabilities have been identified at year end.

2012	2011
R	R
-	-

33 CAPITAL COMMITMENTS

Commitments for capital expenditure
Approved and contracted for
Approved but not yet contracted for

16 388 040	146 850 615
27 486 050	8 095 214
43 874 090	154 945 830

This expenditure will be financed from:
Internal source - Revenue
External source - National government

11 438 200	14 007 182
33 420 043	140 938 648
44 858 243	154 945 830

34 COUNCILLORS' ACCOUNTS IN ARREAR

The following Councillor had an arrear account balance outstanding:

At 30 June 2012

Councillor TA Zondi

Outstanding less than 90 Days	Outstanding more than 90 Days	Total
945	-	945
945	-	945

This represents monthly arrears which have been subsequently paid.

At 30 June 2011

Councillor TA Zondi
Councillor GN Mbambo
Councillor TH Ngcobo

782	1 296	2 079
310		310
514	54 458	54 972
1 606	55 754	57 361

**35 MATERIAL UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE
DISALLOWED**

35.1 Material unauthorised expenditure

Opening balance
Unauthorised expenditure for the current year*
Approved /condoned by Council
Transfer to receivables for recovery
Unauthorised expenditure

-	32 776 151
	-
	-32 776 151
-	-

35.2 Material fruitless and wasteful expenditure

Opening Balance
Fruitless and wasteful expenditure for the current year
Approved /condoned by Council
To be recovered - contingent asset
Fruitless and wasteful expenditure

1 282	-
	1 282
	-
	-
1 282	1 282

UMDONI MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Notes to the Annual Financial Statements for the year ended 30 June 2012

35.3 Material irregular expenditure

Opening balance	1 137 232	1 898 308
Irregular expenditure for the current year		1 324 896
Approved /condoned by Council	-1 137 232	-1 898 308
Transfer to receivables for recovery - not condoned		
Irregular expenditure	-	1 137 232

2012	2011
R	R
1 137 232	1 898 308
-1 137 232	-1 898 308
-	1 137 232

36 CORRECTION OF ERRORS

The entries below detail the adjustments effected to the AFS in respect of the prior period:

36.1 Restatement of Prior Year Creditors

Creditors had been raised on invoices submitted by suppliers at year end. However, during the 11/12 financial year, the verification of work performed in relation to these invoices resulted in the municipality paying a higher value than the value raised as a creditor. As these creditors relate to Grant Funded Projects, the following have been restated:

	As previously reported 2011	Amount of correction 2011	Restated 2011
Accounts Payable	30 899 158	31 795	30 930 953
Government Grants and Subsidy Income	183 012 587	31 795	183 044 382
Accumulated Surplus	423 535 797	31 795	423 567 592
Property, Plant and Equipment	421 538 552	31 795	421 570 347
Unspent Grants and Subsidies (Liabilities)	114 166 623	-31 795	114 134 828

36.2 Restatement of Property Plant and Equipment

In accordance with further implementation of GRAP, and the refinement and additional componentisation of the asset register, the following prior year adjustments were effected:

	As previously reported 2011	Amount of correction 2011	Restated 2011
Property, Plant and Equipment - Carrying Value	421 538 552	-1 596 241	419 942 311
Accumulated Surplus	423 535 797	1 596 241	425 132 038

36.3 Restatement of Investment Property

In accordance with GRAP, properties that meet the recognition criteria of investment property, have been incorrectly disclosed as Property, Plant and Equipment in prior financial years. This has resulted in a restatement as follows:

	As previously reported 2011	Amount of correction 2011	Restated 2011
Property, Plant and Equipment - Carrying Value	421 538 552	-1 942 316	419 596 236
Investment Property - Carrying Value	197 000	1 942 316	2 139 316

UMDONI MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Notes to the Annual Financial Statements for the year ended 30 June 2012

2012	2011
R	R

38 SECTION 36 DISCLOSURE IN ACCORDANCE WITH SUPPLY CHAIN MANAGEMENT REGULATIONS

The following amounts were incurred by the Municipality in accordance with Sec 36 of the Municipal Finance Management Act:

* Expenditure of R 31 180 477 (2011 : R 151 624 920) relates to the Disaster Rehabilitation Programme. In order to expedite the rehabilitation of the damage incurred during the June 2008 floods, service providers were invited to register on disaster database, and requested to tender as the projects were being implemented.

*Expenditure of R 1 516 153 (2011 : R 980 095) has been incurred in accordance with Section 36 of the Supply Chain Regulations in respect of goods and services procured from a sole supplier.

*Expenditure of R 505 359 (2011: R66 803) has been incurred in accordance with Section 36 of the Supply Chain Regulations in respect of goods and services under emergency circumstances.

*Expenditure of R 154 254 (2011: R 1 250 465) has been incurred in accordance with Section 36 of the Supply Chain Regulations in respect of goods and services in respect of goods and services (impracticable to follow the procurement process).

*Expenditure of Nil (2011 : R7 043) has been incurred in accordance with Section 36 of the Supply Chain Regulations in respect of goods and services supplied by a specialist provider.

39 EVENTS AFTER REPORTING DATE

Management have not identified any matter or circumstance (adjusting or non-adjusting) since the end of the financial year, that will impact on the fair presentation of the annual financial statements.

40 PARTICULARS OF TRANSACTIONS IN ACCORDANCE WITH S45 OF SUPPLY CHAIN REGULATIONS - RELATED PARTY TRANSACTIONS

2012

The Municipality incurred business to the value of R 15,300 with a company associated with staff members of the Municipality. The transaction was concluded in full compliance with the Supply Chain Management Policy of Council and the transaction is considered to be at arms length.

Name of Individual	Capacity of Individual	Nature of Relationship	Amount of Award
AA Govender	Superintendent - Traffic	Parent of Employee	15 300

2011

The Municipality incurred business to the value of R 19,471 with a company associated with staff members of the Municipality. The transaction was concluded in full compliance with the Supply Chain Management Policy of Council and the transaction is considered to be at arms length.

Name of Individual	Capacity of Individual	Nature of Relationship	Amount of Award
AA Govender	Superintendent - Traffic	Parent of Employee	19 471

41 FINANCIAL INSTRUMENTS

41.1 FINANCIAL ASSETS:

In accordance with IAS 39.09 the Financial Assets of the municipality are classified as follows:

Financial Assets

Classification

Current investments

30 day deposits

Held to maturity

Trade receivables from exchange transactions & non-exchange transactions

UMDONI MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Notes to the Annual Financial Statements for the year ended 30 June 2012

		2012 R	2011 R
Consumer debtors	Loans and receivables		
Other debtors	Loans and receivables		
Bank, Cash and Cash Equivalents			
Bank Balances	Available for sale		
SUMMARY OF FINANCIAL ASSETS			
Held to maturity:			
Current investments	30 day deposits	105 709 836	169 060 487
		105 709 836	169 060 487
Loans and Receivables			
Trade receivables from consumers		46 358 266	45 423 477
Trade receivables from other debtors		5 109 305	5 172 803
		51 467 571	50 596 283
Available for Sale:			
Bank Balances and Cash	Bank Balances	425 727	424 967
		425 727	424 966
Total Financial Assets		157 603 134	220 081 736

41.2 FINANCIAL LIABILITIES:

In accordance with IAS 39.09 the Financial Liabilities of the municipality are classified as follows :

Financial Liabilities

Classification

Long-term Liabilities

Non Annuity Loans

Financial liabilities at amortised cost

Annuity Loans

Financial liabilities at amortised cost

Creditors

Trade creditors

Financial liabilities at amortised cost

Payments received in advance

Financial liabilities at amortised cost

Deposits - other

Financial liabilities at amortised cost

Staff leave

Financial liabilities at amortised cost

Other creditors

Financial liabilities at amortised cost

Current Portion of Long-term Liabilities

Non Annuity Loans

Financial liabilities at amortised cost

Annuity Loans

Financial liabilities at amortised cost

Bank, Cash and Cash Equivalents

Bank Balances

Available for sale

SUMMARY OF FINANCIAL LIABILITIES

Financial Liabilities at Amortised Cost

Long-term Liabilities

Non Annuity Loans

- 1 200 000

Long-term Liabilities

Annuity Loans

22 988 32 580

Deposits

Sundry Deposits

727 311 1 279 371

Creditors

Trade creditors

10 325 153 9 167 452

Creditors

Payments received in advance

3 267 235 3 689 088

Creditors

Staff leave

5 293 673 4 899 541

Creditors

Other creditors

16 974 256 16 729 671

Current Portion of Long-term Liabilities

Non Annuity Loans

889 694 889 694

Current Portion of Long-term Liabilities

Annuity Loans

524 807 559 983

UMDONI MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Notes to the Annual Financial Statements
for the year ended 30 June 2012

Bank, Cash and Cash Equivalents

Bank Balances

Total Financial Liabilities

2012	2011
R	R
38 025 118	38 634 161
819 783	11 247 789
819 783	49 881 950

42 BUDGET COMPARATIVES

In addition to comparatives of actual performance against budget being disclosed in the Statement of Financial Performance the municipality has further disclosed such comparatives on appendix E1.

Notes to the Annual Financial Statements
for the year ended 30 June 2012

Note 43

Reconciliation of carrying value	Furniture & Office Equipment	Machinery & Equipment	Computer Equipment	Transport Assets	Intangible Assets	Solid Waste Disposal	Heritage Assets	Dwellings	Roads	Non Residential Dwellings	Land	Cemeteries	Electricity	Housing Schemes	Assets under Construction	Total
Carrying values at 01 July 2011	2 762 812	4 755 083	1 014 435	10 345 025	139 118	7 685 937	91 013	17 604 375	109 191 856	71 180 556	11 634 092	1 803 793	1 000 571	12 738 100	166 085 023	418 031 789
Cost/Revaluation	5 210 210	7 672 379	1 946 719	18 506 767	253 715	8 873 925	91 013	21 843 654	123 551 370	83 504 659	11 634 092	2 099 761	1 212 748	12 738 100	166 085 023	465 224 135
Cost	4 477 188	6 891 619	1 804 098	17 302 413	252 742	8 853 703	38 613	21 843 654	123 551 370	83 504 659	11 634 092	2 099 761	1 212 748	12 738 100	166 085 023	462 289 783
Revaluation	733 022	780 760	142 621	1 204 354	973	20 222	52 400	-	-	-	-	-	-	-	-	2 934 352
Accumulated depreciation	-2 447 398	-2 917 296	-932 284	-8 161 742	-114 597	-1 187 988	-	-4 239 279	-14 359 514	-12 324 103	-	-295 968	-212 177	-	-	-47 192 346
Based on cost	-2 447 398	-2 917 296	-932 284	-8 161 742	-114 597	-1 187 988	-	-4 239 279	-14 359 514	-12 324 103	-	-295 968	-212 177	-	-	-47 192 346
Based on revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisitions	15 272	394 958	395 118	4 076 323	18 800	-	-	-	-	284 995	-	-	-	-	60 158 524	65 343 990
Fair Value Adjustments	658 384	-	-	-	-	-	-	-	-	-	-	-	-	-	-	658 384
Transfer of Completed Projects from Work in Progress	-	-	-	-	-	-	-	107 418 753	-	5 075 233	-	-	-	-	-112 493 986	-
Initial Recognition of Land	-	-	-	-	-	-	-	-	-	-	31 994 000	-	-	-	-	31 994 000
Depreciation	-694 011	-989 225	-351 643	-2 481 772	-37 438	-217 674	-	-761 958	-6 576 428	-2 378 208	-	-70 136	-38 335	-	-	-14 596 827
Based on cost	-694 011	-989 225	-351 643	-2 481 772	-37 438	-217 674	-	-761 958	-6 576 428	-2 378 208	-	-70 136	-38 335	-	-	-14 596 827
Based on revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Carrying value of disposals	-9 291	-13 569	-28 912	-288 105	-	-	-	-	-1 008 262	-	-	-	-	-960 229	-	-2 308 369
Cost/ revaluation	-26 506	-30 294	-180 086	-517 078	-	-	-	-	-1 209 142	-	-	-	-	-960 229	-	-2 923 336
Accumulated depreciation	17 215	16 726	151 174	228 973	-	-	-	-	200 880	-	-	-	-	-	-	614 967
Impairment losses	-19 782	-24 392	-14 216	-28 671	-	-	-	-	-	-	-	-	-	-	-	-87 062
Other movements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Carrying values at 30 June 2012	2 713 383	4 122 856	1 014 782	11 622 800	120 480	7 468 263	91 013	16 842 417	101 607 165	69 087 344	43 628 092	1 733 657	962 236	11 777 871	226 243 547	499 035 905
Represented by	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost/revaluation	5 837 578	8 012 651	2 147 535	22 037 340	272 515	8 873 925	91 013	21 843 654	122 342 228	83 789 654	43 628 092	2 099 761	1 212 748	11 777 871	226 243 547	560 210 112
Cost	4 446 172	7 231 891	2 004 914	20 832 986	271 542	8 853 703	38 613	21 843 654	122 342 228	83 789 654	43 628 092	2 099 761	1 212 748	11 777 871	226 243 547	556 617 376
Revaluation	1 391 406	780 760	142 621	1 204 354	973	20 222	52 400	-	-	-	-	-	-	-	-	3 592 736
Accumulated depreciation	-3 124 194	-3 889 795	-1 132 753	-10 414 541	-152 035	-1 405 662	-	-5 001 237	-20 735 062	-14 702 311	-	-366 104	-250 512	-	-	-61 174 206
Cost	-3 124 194	-3 889 795	-1 132 753	-10 414 541	-152 035	-1 405 662	-	-5 001 237	-20 735 062	-14 702 311	-	-366 104	-250 512	-	-	-61 174 206
Revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Carrying values at 30 June 2012	2 713 383	4 122 856	1 014 782	11 622 800	120 480	7 468 263	91 013	16 842 417	101 607 165	69 087 344	43 628 092	1 733 657	962 236	11 777 871	226 243 547	499 035 905

APPENDIX A : SCHEDULE OF EXTERNAL LOANS

External loan	Interest rate	Period of loan	Balance as at 30 June 2011	Received during the year	Adjustments to correct the previous year	Redeemed/ written off during the year	Balance as at 30 June 2012	Short term Portion		2012 Interest accrued for the year
								2012	2011	
Other Long-term Loans										
uMsekeli Financial Services	0.00%		889 694				889 694	889 694	889 694	
Development Bank of SA Ltd (MPRA Loan)			1 200 000			-1 200 000	-	-	285 239	40 611
Total Long-term Loans			2 089 694	-	-	-1 200 000	889 694			
Annuity Loans										
Development Bank of SA Ltd	Various (9.6%-17.65%)	Various (2009-2015)	77 349			-44 766	32 582	9 594	44 769	10 028
uMsekeli Financial Services										
Library	10.00%		77 290				77 290	77 290	77 290	
Roads and drains	10.00%		437 923				437 923	437 923	437 924	
Total Annuity Loans			592 562	-	-	-44 766	547 795			
TOTAL EXTERNAL LOANS			2 682 256	-	-	-1 244 766	1 437 489	1 414 501	1 734 916	50 639

UMDONI MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

APPENDIX B : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

	Cost / Revaluation							Accumulated Depreciation						
	Opening	Work in	Restated	Additions	Full Value Adjustments/ Impairment losses	Work in Progress	Disposals	Closing	Opening	Additions	Disposals	Closing	Carrying	Carrying
	Balance	Progress	Opening Balance			transferred to Additions		Balance	Balance			Balance	Value - 2012	Value - 2011
	R			R			R	R	R	R	R	R	R	R
Furniture and Office Equipmen	5 210 210		5 210 210	15 272	638 602		-26 506	5 837 578	2 447 398	694 011	-17 215	3 124 194	2 713 383	2 762 812
Machinery and Equipment	7 672 379		7 672 379	394 958	-24 392		-30 294	8 012 651	2 917 296	989 225	-16 726	3 889 795	4 122 856	4 755 083
Computer Equipment	1 946 719		1 946 719	395 118	-14 216		-180 086	2 147 535	932 284	351 643	-151 174	1 132 753	1 014 782	1 014 435
Transport Assets	18 506 767		18 506 767	4 076 323	-28 671		-517 078	22 037 340	8 161 742	2 481 772	-228 973	10 414 541	11 622 800	10 345 025
Intangible Assets	253 715		253 715	18 800				272 515	114 597	37 438		152 035	120 480	139 118
Solid Waste Disposal	8 873 925		8 873 925					8 873 925	1 187 988	217 674		1 405 662	7 468 263	7 685 937
Heritage Assets	91 013		91 013					91 013	-	-		-	91 013	91 013
Dwellings	21 843 654	4 472 976	26 316 630					26 316 630	4 239 279	761 958		5 001 237	21 315 393	22 077 351
Roads	123 551 370	158 167 786	281 719 156	167 577 277		-107 418 753	-1 209 142	340 668 538	14 359 514	6 576 428	-200 880	20 735 062	319 933 475	267 359 642
Non Residential Dwellings	83 504 659		83 504 659	5 360 228		-5 075 233		83 789 654	12 324 103	2 378 208		14 702 311	69 087 344	71 180 556
Land	11 634 092		11 634 092		31 994 000			43 628 092	-			-	43 628 092	11 634 092
Cemetries	2 099 761	3 444 260	5 544 021					5 544 021	295 968	70 136		366 104	5 177 917	5 248 053
Electricity	1 212 748		1 212 748					1 212 748	212 177	38 335		250 512	962 236	1 000 571
Housing Schemes	12 738 100		12 738 100				-960 229	11 777 871	-			-	11 777 871	12 738 100
	299 139 113	166 085 022	465 224 135	177 837 976	32 565 322	-112 493 986	-2 923 336	560 210 111	47 192 346	14 596 827	-614 967	61 174 206	499 035 905	418 031 789

APPENDIX C : SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT												
	Accumulated Depreciation											
	Opening	Additions	Fair Value Adjustments/ Initial	Disposals	Impairment	Closing	Opening	Current	Disposals	Closing	2012 Carrying	2011 Carrying
	Balance R	R	Recognition	R	R	Balance R	Balance R	Depreciation R	R	Balance R	Value R	Value R
Adminstration	947 328	59 033		-414 242	-16 309	575 810	495 173	123 961	-324 817	294 317	281 493	452 155
Civic Buildings	4 417 862	261 704		-	-	4 679 566	850 102	151 607	-	1 001 710	3 677 856	3 567 760
Clinic	202 219	458		-	-2 873	199 803	80 814	9 139	-	89 953	109 851	121 404
Enviromental Services	38 478	-		-	-	38 478	25 285	5 431	-	30 716	7 762	13 193
Public Works	301 214	-		-	-	301 214	151 042	42 976	-	194 017	107 197	150 172
Estates	23 638	-		-	-	23 638	6 695	883	-	7 578	16 060	16 943
Roads and Drainage	284 293 371	40 282 923			-80	324 576 214	15 392 932	6 931 347	-200 880	22 123 398	302 452 815	268 900 439
Traffic Services	3 189 124	150 023		-	-4 997	3 334 150	1 130 329	383 204	-	1 513 533	1 820 617	2 058 794
Beach	26 113 219	9 410		-	-	26 122 629	7 391 737	864 943	-	8 256 680	17 865 949	18 721 482
Library	13 255	-		-	-	13 255	11 063	314	-	11 376	1 879	2 192
Parks and Gardens	29 642 016	2 825 132		-1 298 709	-701	31 167 738	3 686 283	984 506	-56	4 670 734	26 497 004	25 955 733
Refuse	8 758 994	3 304		-	-1 146	8 761 152	1 171 028	208 194	-	1 379 222	7 381 930	7 587 966
Trade Licensing	-	-		-	-	-	-	-	-	-	-	-
Sewerage	3 734	-		-	-	3 734	2 240	107	-	2 347	1 387	1 494
Stores	-	-		-	-	-	-	-	-	-	-	-
Workshop	17 586	-		-	-	17 586	11 161	2 529	-	13 691	3 896	6 425
Water Shayamoya	-	-		-	-	-	-	88 707	-	88 707	-88 707	-
Caravan Park	2 640 261	80 927		-	-	2 721 188	806 465	29 281	-	835 746	1 885 442	1 833 796
Housing Service	13 131 086	6 697	31 994 000	-960 229	-38	44 171 515	132 768	955	-	133 723	44 037 792	12 998 318
Land	-	79 815		-	-	79 815	-	312 392	-	312 392	-232 577	-
Corporate Services	2 137 539	355 406			-11 551	2 481 395	1 045 679	1 620 231	-	2 665 909	-184 514	1 091 861
Technical Services	15 690 497	3 870 036	658 384	-250 021	-7 282	19 961 613	5 024 380	176 285	-35 791	5 164 875	14 796 738	10 666 116
Council	19 622 004	7 006 493		-	-	26 628 496	608 884	16 334	-	625 218	26 003 279	19 013 120
Council General	121 644	13 210		-	-	134 853	38 756	2 493 265	-	2 532 021	-2 397 168	82 888
Community Services	52 978 038	10 171 415			-40 378	63 109 074	8 740 132	119 414	-53 295	8 806 251	54 302 824	44 237 906
Finance	753 076	106 141		-135	-1 426	857 656	310 631	6 771	-129	317 274	540 383	442 445
Building	33 954	16 691		-	-142	50 503	15 044	24 054	-	39 098	11 405	18 909
Planning and Developm	154 002	45 173		-	-138	199 037	63 723	-	-	63 723	135 313	90 278
	465 224 135	65 343 990	32 652 384	-2 923 336	-87 061	560 210 112	47 192 348	14 596 827	-614 967	61 174 208	499 035 904	418 031 788

UMDONI MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

APPENDIX D : SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE

	2012 Actual Income	2012 Actual Expenditure	2012 Surplus/ (Deficit)	2011 Actual Income	2011 Actual Expenditure	2011 Surplus/ (Deficit)
	R	R	R	R	R	R
Council General	24 110 993	13 592 572	10 518 421	20 805 453	12 528 044	8 277 409
Financial Services	120 337 963	23 405 782	96 932 181	226 358 616	16 053 737	210 304 879
Technical Services	6 742 963	47 660 539	-40 917 576	9 154 982	42 241 076	-33 086 094
Corporate Services	230 391	11 793 948	-11 563 557	178 247	11 746 003	-11 567 756
Community Services	14 733 960	31 511 251	-16 777 291	14 239 313	30 306 824	-16 067 511
Planning and Development	952 549	5 288 220	-4 335 671	825 404	4 857 571	-4 032 167
Total	167 108 819	133 252 312	33 856 507	271 562 015	117 733 255	153 828 760

APPENDIX E1 : ACTUAL COMPARED WITH REVENUE AND EXPENDITURE

	Actual 2012 R	Budget 2012 R	Variance 2012 R	Variance 2012 %	Explanation for variances greater than 15%
REVENUE					
Property rates	52 471 539	52 418 016	-53 523	-0.10%	
Property rates: penalties imposed & collection charges	1 953 711	3 000 000	1 046 289	34.88%	Decrease in penalties due to stringent debt recovery processes resulted in lower than anticipated penalties and interest charged.
Service charges	6 470 180	7 113 000	642 820	9.04%	
Rental of facilities and equipment	4 581 771	4 484 369	-97 402	-2.17%	
Interest earned- external investments	7 709 598	3 409 100	-4 300 498	-126.15%	Due to prudent investment of Council funds , interest earned was higher than expected.
Fines and penalties	1 159 344	1 426 341	266 997	18.72%	Due to implementation of strict traffic laws, undercollection on revenue has materialised
Licences and permits	5 677 587	6 266 301	588 714	9.39%	
Government grants and subsidies	83 280 026	41 436 701	-41 843 325	-100.98%	The implementation of GRAP requires the recognition of grant revenue in accordance with income occurred. Due to the rollout of the disaster rehabilitation programme, the expenditure had increased substantially
Other income	3 805 063	4 698 894	893 831	19.02%	Undercollection of Development Levy and fire services income
Total Revenue	167 108 819	124 252 722	-42 856 097	-34.49%	
EXPENDITURE					
Council General	13 592 572	13 942 718	350 146	2.51%	
Financial Services	23 405 782	15 203 158	-8 202 624	-53.95%	Due to actuarial valuation costs and increase in provision for bad debt
Technical Services	47 660 539	48 041 109	380 570	0.79%	
Corporate Services	11 793 948	11 837 470	43 522	0.37%	
Community Services	31 511 251	30 671 916	-839 335	-2.74%	
Planning and Development	5 288 220	4 555 456	-732 764	-16.09%	
Total Expenditure	133 252 312	124 251 827	-9 000 485	-7%	
NET SURPLUS/ (DEFICIT) FOR THE YEAR	33 856 507	895	-33 855 612	-3782749.94%	

UMDONI MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

APPENDIX E2 : ACTUAL VERSUS BUDGET - ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

	2012 Total Additions R	2012 Budget R	2012 Variance R	2012 Variance %	Explanations for variances greater than 15%
Council General	106 400	109 400	3 000	2.74%	
Financial Services	136 772	71 355	-65 417	-91.68%	Grant Funded Capital Expenditure has been spent directly against the Grant
Technical Services	72 066 875	110 546 520	38 479 645	34.81%	Due to unforeseen circumstances and incimate conditions, completion of projects could not be finalised within the anticipated timeframes
Corporate Services	207 402	171 000	-36 402	-21.29%	Infrastructure for Security had been urgently required
Community Services	2 314 980	2 572 926	257 946	10.03%	
Planning and Development	11 350	11 686	336	2.88%	
	74 843 779	113 482 887	38 639 108	34.05%	

APPENDIX F : DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Name of Grants	Name of organ of state or municipal entity	RECEIPTS					EXPENDITURE				Transfer to National Treasury	Bal 30.06.2012	Grants and Subsidies Delayed or Withheld	Reason for delay withholding of funds	Compliance with the grant conditions	Reason for non-compliance
		Total 01.07.2011	July to Sept	Oct to Dec	Jan to Mar	April to June	July to Sept	Oct to Dec	Jan to Mar	April to June						
			1	2	3	4	1	2	3	4						
Renaissance Project	KZN Dept of Housing	-173 437						78 900				-94 537	Nil	NA	Yes	NA
Skills Training Centre	DTLGA	-148 052							83 755	58 789		-5 508	Nil	NA	Yes	NA
Municipal Infrastructure Grant	National Treasury	-53 519	-12 164 000		-864 000		1 626 083	1 642 145	4 225 202	5 588 089		-	Nil	NA	Yes	NA
Municipal Infrastructure Grant Flood Disaster	National Treasury	-104 525 962					5 861 748	12 678 719	5 469 306	7 874 157	9 689 801	-62 952 231				
MIG Tidal Surge Environmental Management Practice	National Treasury	-1 351 411										-1 351 411	Nil	NA	Yes	NA
Malangeni Library	KZN Agric & Env Affairs	-147 771	-100 000				147 771					-100 000	Nil	NA	Yes	NA
Scottburgh Library	KZN Library Services	-46 427										-46 427	Nil	NA	Yes	NA
Internet	KZN Library Services	-14 868	-96 000				24 456	23 305	24 480	24 560		-14 067	Nil	NA	Yes	NA
SETA Finance Management	Local gov Seta	-12 541	-112 844	-56 160	-107 725	-58 601	27 776	9 251	89 992	78 520		-142 332	Nil	NA	Yes	NA
Grant	National Treasury	-520 775	-1 450 000				309 666	261 211	438 654	596 009		-365 235	Nil	NA	Yes	NA
MSIG Communal Gardens Upgrade (LED)	National Treasury	-73 601	-790 000				711 610	29 342	27 855	35 977		-58 817	Nil	NA	Yes	NA
Malangeni Library - Cybercadet	Old Mutual	-86 615						78 000				-8 615	Nil	NA	Yes	NA
	DTLGA	1 628	-90 000				23 902	24 358	24 358	15 754		-	Nil	NA	Yes	NA
Strategic Env Assess	Ugu District Municipality	-418 981					197 806	34 607		84 487		-102 081	Nil	NA	Yes	NA
Tourist Development	Ugu District Municipality	-29 234					3 600	5 400				-20 234	Nil	NA	Yes	NA
Youth Development	Ugu District Municipality	25 711				-25 711						-	Nil	NA	Yes	NA
IDP Review Grant	DTLGA	-50 544						43 605		1 589		-5 350	Nil	NA	Yes	NA
Disaster Centre	DTLGA	-844 217										-844 217	Nil	NA	Yes	NA
Municipal Pound	COGTA	-1 000 000										-1 000 000	Nil	NA	Yes	NA
National Electrification Grant	National Treasury	-4 536 000										-4 536 000	Nil	NA	Yes	NA
Environmental Management Grant	KZN Environmental Affairs	-15 000					15 000					-	Nil	NA	Yes	NA
Sports and Recreation (Winter Games Prize)	Ugu District Municipality	-3 000										-3 000	Nil	NA	Yes	NA
LED Learnership Umzinto Library - Internet and Cybernet	COGTA	-110 211										-110 211	Nil	NA	Yes	NA
Library Services		-	-85 000					6 531	21 675	21 674		-35 120	Nil	NA	Yes	NA
		-	-1 866 720				475 759	504 425	520 107	366 429		-	Nil	NA	Yes	NA
Fresh Produce Market		-		-580 000						357 252		-222 748	Nil	NA	Yes	NA

UMDONI MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

APPENDIX F : DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Name of Grants	Name of organ of state or municipal entity	RECEIPTS					EXPENDITURE				Transfer to National Treasury	Bal 30.06.2012	Grants and Subsidies Delayed or Withheld	Reason for delay withholding of funds	Compliance with the grant conditions	Reason for non-compliance
		Total 01.07.2011	July to Sept	Oct to Dec	Jan to Mar	April to June	July to Sept	Oct to Dec	Jan to Mar	April to June						
			1	2	3	4	1	2	3	4						
Park Rynie Industrial Park		-		-8 000 000				1 133 709	1 862 690	3 340 168		-1 663 433	Nil	NA	Yes	NA
Thusong Centre		-	-500 000							27 409		-472 591	Nil	NA	Yes	NA
		-114 134 827	-17 254 564	-8 636 160	-971 725	-84 312	9 425 177	16 553 508	12 788 074	18 470 863	9 689 801	-74 154 165				